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SUBJECT: SUDAN: CHINA POISED FOR KEY ROLE IN POST 2011 AGRICULTURE

¶1. (U) Summary: The People's Republic of China (PRC) is encouraging Chinese private enterprises to invest heavily in Sudan's agriculture sector, Lee "Ali" Wei Zheng, Commercial Officer for the Chinese Embassy, told PolEconOff February 3. Chinese investors currently have ten farms in China, and plan to expand those investments. China continues to fund bridges, irrigation projects and road projects, including 1,250 kilometers of roads in Darfur and North Kordofan. China provided "nontraditional" election aid to the GOS in the form of vehicles and communications equipment and will "closely watch" the elections. End Summary

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China Diversifies Into Agriculture, Irrigation  
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¶2. (U) PolEconOff met February 3 with Lee "Ali" Wei Zheng, Commercial Officer for the Chinese Embassy. According to Lee, China has a number of projects to develop infrastructure in Sudan. China has provided funding for projects to build six roads totaling 1,250 kilometers in Western Darfur, and in Northern Kordofan. The PRC and the Sudanese Government (GOS) are planning additional projects, including constructing bridges, in several other regions as a way to improve transportation, Lee said.

¶3. U) However, Lee said, China views investment in agriculture as a key part of its Sudan strategy. The PRC is encouraging private enterprises to invest heavily in Sudan's agricultural sector. China currently has ten farms in Sudan, Lee said, and is expanding its agricultural investments in both the north and the south. Lee pointed out that China also helped Sudan build a sugar factory in Sennar State, one of Sudan's most important agricultural areas. (Note: Saudi Arabian investors are also reported to have invested some 200 million (USD) in agricultural projects in Sennar. End Note.) The PRC is also reportedly considering projects in Northern and Nile States. (Note: Northern State is an important producer of wheat, beans, sorghum and dates, while Nile State houses the largest electricity-generating project in the country, the Merowe Dam, constructed by the PRC. End Note.)

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... In Response to GOS Incentives  
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¶4. (U) Equally important, Lee told PolEconoff, China is helping Sudan strategically use its water supply for agriculture by providing irrigation equipment to help grow vegetables and rice crops. Agriculture is renewable, said Lee, unlike oil, which is a finite resource and will eventually run out. Consequently, Lee said, the PRC has responded to GOS encouragement, which includes "land incentives" to engage in agricultural development. When asked, he declined to comment on the specifics of the incentives.

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China Wants Elections to Be Free and Fair  
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¶4. (U) China wants to see a free, fair and peaceful vote in Sudan, Lee emphasized. He confirmed that the PRC provided the GOS with communications equipment and vehicles to support the elections. (Note: Because the GOS pledged to provide vehicles and communications as its own contribution to the election effort, traditional donors such as the United States, UK and Norway have declined to assist Sudan with these elements. China, a non-traditional donor, is not constrained by the election assistance agreements. End Note.) China supports a free and transparent election and will "closely watch" the election, Lee said. He responded ambiguously to an inquiry as to whether the PRC would participate in the international observation effort.

¶5. (SBU) Comment: Reportedly, China's interest in maintaining access to Sudan's oil has caused an uptick in engagement with the South as a hedge against the prospect of the South's secession following the 2011 referendum. Nonetheless, the North, where pipelines, refineries and other oil infrastructure are located (and which China largely funded and built) continues to be vitally important to China. This new foray into agricultural investment appears intended to signal China's constancy as a partner to Sudan regardless of the outcome of the 2011 referendum  
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